

April 18, 2022

Chair Jill Cohenour and Vice Chair Becky Beard
Revenue Interim Committee
Montana State Legislature
Montana State Capitol Room 137
Helena, MT 59620

Dear Chair Cohenour and Vice Chair Beard,

We, the City Commission of Bozeman, strongly oppose Constitutional Initiative 121. CI-121 is an attempt to import failed policies from other states. California has shown us the deep flaws in imposing strict property tax caps with Proposition 13.

State, county, and local governments and schools all rely on property taxes to finance the essentials of government. These essentials include police officers, firefighters, and teachers. In Bozeman, fewer firefighters and cops would hamstring our efforts to keep our community safe. This is the critical function governments were first designed to serve.

Both local governments and the education system in the state already have a mill cap placed on property taxes (MCA 15-10-420). This limitation puts effective guardrails on local governments. Any further limits imposed under CI-121 would only add more bureaucracy and red tape to an already strained system.

Further, CI-121 will do nothing to resolve the fiscal situation in any Montana city or town. Unlike California, Montana does not have a statewide sales tax nor do most cities and towns. After proposition 13 passed in California, the sales tax increased from 3.5% to 8.75% to make up the lost property tax revenue.

If this initiative is successful, the tax burden will shift from the residential rate payer to commercial properties and agricultural interests. Such a shift will hamper growth and make it harder to do business in this state. Even more sinister, it will harm one of the state's key industries—agriculture. While there are no farms in Bozeman city limits, our community supports one of the most vibrant agricultural areas in the state, the Gallatin Valley. It is home to our Land Grant University, Montana State University, that houses our agriculture programs. We have a keen interest in seeing the agricultural industry thrive.

We do not believe the State of Montana needs bad policy from California to solve an ever-increasing property tax burden on our residents.

We do not believe the heavy hand of the State should be involved in determining how a local community can collect revenue to support services that its citizens have requested.

We believe in local control. We believe in allowing local communities to decide how to spend their own tax dollars. We believe a constitutional amendment is a drastic step to take to reduce the property tax burden. We believe cementing such drastic policy change into a constitutional amendment is irresponsible.

There are better ideas out there as proposed in the last legislature. In fact, one of them, the circuit breaker legislation, from the 2021 session was carried by Chair Jill Cohenour to reduce the property tax burden on renters. There were several other ideas proposed by members of our local delegation including bills brought by Senator Pat Flowers and Representative Jim Hamilton. We hope to work with the Interim Revenue Committee and the taxation committees in both the House and the Senate in the lead up to and during the 2023 legislative session to find real, meaningful solutions to reduce the property tax burden on all Montanans.

Opposition to this initiative runs the spectrum from local governments and education professionals to farmers, rancher, and businesspeople. Even, the Montana Chamber of Commerce has come out in opposition to this initiative. We share the belief with Montanans from all parts of the political spectrum that CI-121 is bad policy.

Sincerely,

Mayor Cyndy Andrus

Deputy Mayor Terry
Cunningham

Commissioner I-Ho
Pomeroy

Commissioner Jennifer Madgic

Commissioner Christopher Coburn